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January 24, 2018

Jocelyn Boyd
Chief Clerk and Administrator
South Carolina Public Service Commission
Synergy Business Park, The Saluda Building
101 Executive Center Drive
Columbia SC 29210

Re: Petition of Office of Regulatory Staff's Petition for an Order Requiring
Utilities to Report the Impact of the Tax Cuts and Jobs Act
Docket No. 2017-381-A

Dear Ms. Boyd:

Attached for filing on behalf of the South Carolina Telephone Coalition
("SCTC") please find Comments of the SCTC in the above referenced docket.

Thank you for your assistance in this matter.

Sincerely,

McNAIR LAW FIRM, P.A.



Margaret M. Fox

MMF:khh

cc: All parties of record (w/enclosure) (via E-mail)

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2017-381-A

In Re:

Office of Regulatory Staff's Petition for an)
Order Requiring Utilities to Report the Impact)
Of the Tax Cuts and Jobs Act)
_____)

The South Carolina Telephone Coalition member companies (see list attached hereto as "Exhibit A") (collectively referred to as the "SCTC Companies") respectfully submit the following comments in response to Order No. 2018-26 issued by the Public Service Commission of South Carolina ("Commission") in the above-referenced docket. Commission Order No. 2018-26 directs companies to file comments on the timing and format of reports, and an appropriate procedural schedule, with respect to reports from utilities on the impact of federal tax changes on the companies' operations.

The Commission's Order was issued in response to a petition by the Office of Regulatory Staff ("ORS Petition") requesting that the Commission order all investor-owned utility companies under the Commission's jurisdiction to report the impact of recent federal tax changes on the companies' operations. ORS Petition at p. 1. The ORS Petition goes on to request that the Commission require reports from "all South Carolina jurisdictional utilities over which the Commission has ratemaking authority." ORS Petition at p. 2.

The purpose of requiring utilities to report on the impact of federal tax changes is so that the Commission and ORS can explore ways to ensure that rate payers receive any benefits

associated with the tax reform in the form of rate reductions and/or refunds. *See* ORS Petition at p. 2. Because the Commission’s ratemaking authority over SCTC Companies is limited by statute,¹ the SCTC Companies respectfully submit that they should not be required to file reports.

The Commission has the power to regulate public utilities as set forth in S.C. Code Ann. § 58-9-140. Section 58-3-140(A) provides in part: “*Except as otherwise provided in Chapter 9 of this title*, the commission is vested with power and jurisdiction to supervise and regulate the rates and service of every public utility in this State ...” (Emphasis added.)

Chapter 9 of Title 58 provides for, among other things, alternative regulation plans for electing telecommunications providers. A local exchange carrier (“LEC”) may elect to be regulated under an alternative regulation plan described in Section 58-9-576(B) upon a showing that there is competition for the LEC’s local exchange telephone service. *See* S.C. Code Ann. § 58-9-576(A).

The alternative regulation plan described in Section 58-9-576(B) governs the rates, terms, and conditions for the LEC’s service, and applies “*in lieu of other forms of regulation including, but not limited to, rate of return or rate base monitoring or regulation*” (Emphasis added.) Each of the SCTC Companies, with one exception,² has elected alternative regulation under Section 58-9-576(B).

The statute provides for price caps that govern the maximum amount LECs may charge for services. Alternative regulation is necessary because, unlike other regulated utilities, telecommunications service providers are subject to competition, and many of their competitors

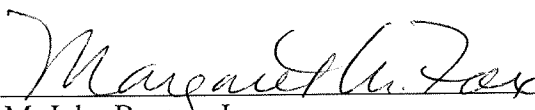
¹ This is true for all SCTC Companies with the exception of Sandhill Telephone Cooperative, Inc. (“Sandhill”). Sandhill has not elected alternative regulation. However, Sandhill is a telephone cooperative as defined in S.C. Code Ann. § 33-46-20(4). As such, it is a member-owned non-profit corporation and is exempt from federal income tax. Therefore, the recent changes in federal tax law do not impact Sandhill or its members. As reflected on Exhibit A, five other SCTC Companies are telephone cooperatives as well.

² *See* footnote 1.

are not regulated. The alternative regulation plan provides the pricing flexibility (below established price caps) LECs need in order to compete with other service providers. In this manner, the competitive market acts as a “regulator” of the rates charged by alternatively regulated companies, in lieu of having rates set by the Commission.

Because SCTC Companies’ rates are not set by the Commission, and instead are governed by the statutory provisions contained in Section 58-9-576(B),³ there is no basis for requiring SCTC Companies to report on the impact of recent changes in federal tax law on the companies’ operations.

Respectfully submitted,

By: 
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ATTORNEYS FOR THE SOUTH CAROLINA
TELEPHONE COALITION

Columbia, South Carolina

January 24, 2018

³ With the exception of Sandhill which, as stated in footnote 1, is a member-owned telephone cooperative.

Exhibit A

South Carolina Telephone Coalition Member Companies

Bluffton Telephone Company, Inc.
Chesnee Telephone Company
Chester Telephone Company, d/b/a TruVista
Comporium, Inc. (f/k/a Rock Hill Telephone Company)
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company, d/b/a Comporium
Hargray Telephone Company, Inc.
Home Telephone ILEC, LLC d/b/a Home Telecom
Horry Telephone Cooperative, Inc.
Lancaster Telephone Company, d/b/a Comporium
Lockhart Telephone Company, d/b/a TruVista
McClellanville Telephone Company (TDS)
Norway Telephone Company (TDS)
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
PBT Telecom, d/b/a Comporium
Ridgeway Telephone Company, d/b/a TruVista
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company (TDS)
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company (TDS)